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SENSITIVE

STATE PLEASE PASS USAID
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DEPT FOR AF/S, EEB/ESC AND CBA
DOE FOR SPERL AND PERSON

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TAGS: [EMIN](#) [ENRG](#) [EINV](#) [EIND](#) [ETRD](#) [ELAB](#) [CG](#) [ZA](#) [SF](#)
SUBJECT: DRC/ZAMBIA COPPER BELT BOOMS, BUT GOVERNMENTS MEDDLE

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1. (U) This cable represents innovative reporting and commercial advocacy collaboration between Embassies Pretoria, Kinshasa, and Lusaka.

2. (SBU) Summary: International companies are investing in ambitious mega-projects on both sides of the DRC/Zambia copper-cobalt belt, despite significant government interference. The region represents the world's second greatest source of copper, after Chile, but it is widely viewed as possessing richer concentrations than Chile. The region is the world's greatest source of cobalt, which has suffered related price volatility. Companies are racing to bring on-line new production to take advantage of robust prices and demand, as well as to beat competition and political risk. Companies face significant risk from regulatory uncertainty, transportation/logistics, power supplies, and skills shortages. Zambia is marginally ahead of the DRC in the competition for the dubious title of greater government interference. DRC faces greater transportation, power, and skills challenges. Western companies are advancing high standards for social/skills development and safety/environmental standards. Chinese and Indian investors do not follow the same standards, but are promising significant infrastructure investment. The sedimentary-hosted geology is complex; there is no standard cookie-cutter mine in the copper belt, and the newest developments are increasingly situated outside the traditional belt's infrastructure and geology. End Summary.

Geological Wonderland

3. (SBU) The African copper-cobalt belt (or Lufilian Arc) hosts an incredible quantity and variety of sedimentary-hosted oxide and sulphide copper-bearing deposits with associated cobalt. It is a world-scale deposit on a par with the South African Bushveld for platinum and Witwatersrand for gold. Reasonable geologists can debate for a long time on the complex geological phenomenon of sedimentation and the successive infiltration of salts, oxidants, organics, and other chemicals, in advance of tectonic action that formed the unique deposits at each mine. Each mine deposit requires a unique mining approach and chemical processing to extract an intermediate or final copper product for sale. But, this is usually the easy part, compared to grappling with government interference and logistics in and out of the mine.

4. (SBU) Embassy Pretoria Mining/Energy Officer and Specialist

visited mines on both sides of the DRC/Zambia copper belt May 12-23 to assess developments in the sector, covering six mines in the DRC and four in Zambia. These mines represent the "A-list" of international investors and eventually will generate over one million tons of copper production per annum - with significant quantities of higher-value cobalt. Embassy Kinshasa Economic As